ASC CONTRACTING
ASC/CC
FOCUS WEEK TRAINING
(CONTRACT CLOSEOUT)

OVERVIEW

- THE WHY AND WHEN
- OPERATING STRUCTURE and PERSONNEL INVOLVED
- SIMULTANEOUS FILE COORDINATION
- TIME STANDARDS and QUICK CLOSEOUT
- PROCESSES and AUTOMATION SUPPORT

THE WHY

- Verifies complete contract compliance before Government processes closeout documentation
- Forces release of excess obligated/expired funds prior to cancellation
- Establishes contract closeout discipline (e.g., classified disposition, plant/property clearance and final patent/royalty reporting)
- Reduces administrative burden of tracking “active “ contracts

THE WHEN

A contract may only be closed when it is considered to be:

- **Physically Complete**

  -deliveries complete / supplies inspected and accepted -services performed / Government accepted

  -option provisions expired and/or contract terminated

AND

- **Administratively Complete**

  -all administrative actions accomplished

  -all releases executed

  -final payment made

OPERATING STRUCTURE and PERSONNEL INVOLVED

- **OPERATING STRUCTURE**
  - **-Cradle-to-grave -- PCO is the ACO also**
  - **-PCO and in-plant ACO -- PK org delegates to DCMC plant offices**
  - **-PCO and external ACO -- PK org delegates to DCMC area offices**

- **PERSONNEL INVOLVED**
  - **-PCO - ACO - TCO -Property administrator**
  - **- DCAA Auditor -Project/program office**
  - **-Legal counsel -Contractor**
  - **-Financial community -DFAS**

FILE COORDINATION

All records/documentation of the following offices should agree prior to final closeout:

- **Procuring contracting office**
- **Contract administration office**
- **Paying office**
- **Finance office**

The program/project office and contractor input to the closeout process is obtained by these final four contract closeout action offices

CONTRACT ADMINISTRATION RESPONSIBILITIES

FAR 42.302(a) reference to FAR 4.804-5

-accomplished by DD Forms 1593 and 1597

-classified material disposition

-final patent report

-final royalty report

-no outstanding VECPs

-plant clearance report

-property clearance report

-interim/disallowed costs complete

-price revision

-subcontracts settled by prime

-prior year indirect cost rates

-termination docket complete

-contract audit complete

CONTRACT COMPLETION STATEMENT -- DD Form 1594

There are two versions of this form:

- **manual form issued by the ACO**
- **ACO automated format PK9 in MOCAS**
  - **Use ConWrite Closeout 1594**

The full and satisfactory accomplishment of required actions is acknowledged on this form by the ACO and PCO. It becomes a permanent part of the official contract closeout file

CLOSEOUT TIME STANDARDS

Reference FAR 4.804-1(a) -- after CO receives evidence of physical completion, close on following schedule:

- **Small Purchase - upon receipt & payment**
- **Firm Fixed Price contract - within 6 months**
- **Cost/FPI/T&M contracts (<u>any</u> contract requiring settlement of indirect cost rates) - within 36 months**
- **All Other contracts (labor hour) - within 20 months**
- **Quick Closeout - FAR 42.708**
- **Exceptions: litigation / appeal / termination**

QUICK CLOSEOUT PROCEDURES

FAR 42.708

Contracting officer shall use quick closeout procedure if:

1. Contract is physically complete

AND

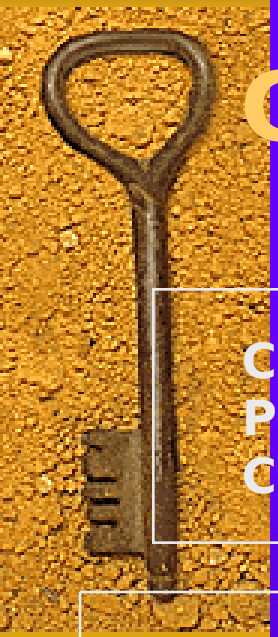
2. Insignificant amount of unsettled indirect costs

-Individual contract - up to $1M unsettled indirect costs

-Kr cumulative total <= 15% w/in FY- (PCO can waive)

AND

3. agreement reached on reasonable estimate



CONTRACT CLOSEOUT PROCESS

CONTRACT PHYSICALLY COMPLETE

COMPLIANCE WITH TERMS & CONDITIONS

LEGAL MATTERS RESOLVED

CLOSEOUT DOCUMENTS INITIATED

CLOSEOUT DOCUMENTS OBTAINED

FINAL SETTLEMENT & PAYMENT

ALL RECORDS CLEARED & CONTRACT CLOSED

CONTRACT PHYSICALLY COMPLETE

- This is the time to start contract closeout
  - -delivery orders issued under contracts
- Final DD 250z received
- Standard time for closing has not lapsed Far 4.804-1 (a)
  - -Small Purchase - upon receipt
  - -FFP - within 6 months
  - -Settle indirect cost rates – within 36 months

COMPLIANCE WITH TERMS AND CONDITIONS

- Conformed contract
  - -readable as a single document
- Resolution of the following:
  - -ECP - CCP - VECP
  - -Award fee final
  - -Warranty complete
  - -Savings clauses definitized

LEGAL MATTERS RESOLVED

Include consideration of the following:

-Royalties -Litigation
-Claims -Disputes
-Terminations -Data Rights
-Equitable Adjustments -Patents
-Defective Pricing

CLOSEOUT DOCUMENTS INITIATED

- Arrangements made for disposition of
  - -government property
  - -classified
- Patent and plant clearance in process
- Review and release withholds
- Initiate review of ULOs and execution of interim billing adjustments

CLOSEOUT DOCUMENTS OBTAINED

- Government property / classified / patents / plant clearance – completed
- Completion of ULO review and execution of interim billing adjustments
- Coordination with ACO
  - -Contract closeout check-list (DD Form 1593/1597)

FINAL SETTLEMENT & PAYMENT

- Verify subcontracts closed
- Settle final price and issue modification
- Verify final invoice/payment made by DFAS
- Verify any excess funds cleared (FM)

ALL RECORDS CLEARED & CONTRACT CLOSED

- Reconfirm no outstanding issues
  - -Contractor
  - -Government
    - -acquisition
    - -payment
    - -accounting

- Retire the contract

FINANCIAL AUTOMATION SUPPORT

The following systems have been created to realign accounting operations and focus on standardizing financial systems:

- **DFAS database**
  - **-MOCAS - records of payments on contracts**
- **FM databases:**
  - **-CRIS/BQ - commitments, obligations and expenditures for certain accounting and disbursement stations**
  - **-CPAS - central procurement, research/development and**
  - **FMS disbursement transactions**